

Message Text

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ACTION COME-00

INFO OCT-01 EUR-25 ADP-00 AGR-20 CEA-02 CIAE-00 DODE-00

EB-11 FRB-02 H-02 INR-09 INT-08 L-03 LAB-06 NSAE-00

NSC-10 PA-03 RSC-01 AID-20 CIEP-02 SS-14 STR-08

TAR-02 TRSE-00 USIA-12 PRS-01 SAL-01 OMB-01 RSR-01

/165 W

----- 031774

R 121600 Z MAR 73

FM AMEMBASSY BERN

TO SECSTATE WASHDC 7398

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E. O. 11652: N/A

TAGS: ETRD, SZ

SUBJECT: FOREIGN EXPORT AND DOMESTIC SUBSIDY PROGRAM

REF: (A) STATE 032280; (B) BERN 3753, 12/29/72

BEGIN SUMMARY. FURTHER INVESTIGATION OF SWISS DOMESTIC SUBSIDY PROGRAMS WHICH MAY HAVE DISTORTING EFFECT ON FOREIGN TRADE REVEALS THAT SWISS SUBSIDIES ARE LIMITED TO AGRICULTURAL SECTOR AND HAVE LITTLE OR NO TRADE DISTORTING EFFECTS. EMBASSY HAS DISCOVERED NO SUBSIDIZATION PRACTICES IN INDUSTRIAL AREA. END SUMMARY.

1. GATT DOCUMENT L/2601/ ADD. 12, 26 JULY 1966, ON SWISS AGRICULTURAL SUBSIDIES, DESCRIBES IN DETAIL NATURE AND INTENT OF SUBSIDIES AND PROVIDES STATISTICS FROM WHICH EFFECT IN TRADE MAY BE DRAWN. DOCUMENT IS DATED JULY 1966, BUT THERE BEEN LITTLE CHANGE WITH EXCEPTION EXCHANGE RATES AND NORMAL VOLUME GROWTH SINCE THEN. VOLUME PERCENTAGES OF IMPORTED VERSUS SUBSIDIZED DOMESTIC PRODUCTION REMAIN ROUGHLY SAME AS IN 1966.

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2. SWISS PRESENT CREDIBLE CASE THAT THEIR DOMESTIC
AGRICULTURE SUBSIDY PRACTICES ARE DESIGNED PRIMARILY TO:

A. ASSIST SMALL FARMERS IN MOUNTAINOUS AREAS EARN
LIVING INCOME, PARTICULARLY IN DAIRY FARMING WHERE ANIMAL
HUSBANDRY IN MOUNTAIN AREAS IS PRINCIPAL, IF NOT ONLY,
LIVELIHOOD. SHEEP AND DAIRY BREEDING CATTLE SUBSIDIES
HAVE APPARENTLY NO EFFECT ON FOREIGN
IMPORTS INASMUCH AS
DOMESTIC WOOL ACCOUNTS FOR LESS THAN FIVE PERCENT OF
TOTAL SWISS CONSUMPTION AND SWISS CATTLE USUALLY SELL
AT HIGHER PRICE THAN FOREIGN COMPETITION. PROGRAMS
RELATED TO EGGS AND VEGETABLES ARE SIMILARLY NON- DISTORTING.

B. EMERGENCY PREPAREDNESS. SUBSIDIES OF WHEAT AND
FEED GRAINS ARE DESIGNED TO ENSURE THAT A SUFFICIENT
AREA IS KEPT UNDER WHEAT AND FEED GRAIN CULTIVATION IN
ORDER TO ENSURE NATIONAL SUPPLIES DURING " TIMES OF DIFFI-
CULTY" SWISS WHEAT ADMINISTRATION BUYS DOMESTIC WHEAT
AT PRICES WHICH COVER AVERAGE COST OF PRODUCTION.
COMMERCIAL MILLERS BUY DOMESTIC WHEAT AT PRICES CORRESPONDING
TO FOREIGN IMPORTS OF LIKE QUALITY.

3. FOR COMPLETE DETAILS OF SWISS AGRICULTURAL SUBSIDI-
ZATION PRACTICES, SEE GATT DOCUMENT L/2601/ ADD. 12,
26 JULY 1966.
DECONTROL FOLLOWING FEBRUARY 9, 1975
DAVIS

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*** Current Handling Restrictions *** n/a

*** Current Classification *** LIMITED OFFICIAL USE

Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: n/a
Control Number: n/a
Copy: SINGLE
Draft Date: 12 MAR 1973
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: golinofr
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1973BERN01002
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: n/a
Errors: n/a
Film Number: n/a
From: BERN
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1973/newtext/t19730325/aaaahmjj.tel
Line Count: 96
Locator: TEXT ON-LINE
Office: ACTION COME
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators:
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: 73 STATE 32280, 72 BERN 3753
Review Action: RELEASED, APPROVED
Review Authority: golinofr
Review Comment: n/a
Review Content Flags:
Review Date: 26 SEP 2001
Review Event:
Review Exemptions: n/a
Review History: RELEASED <26-Sep-2001 by rowelle0>; APPROVED <03-Dec-2001 by golinofr>
Review Markings:

Declassified/Released
US Department of State
EO Systematic Review
30 JUN 2005

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: <DBA CORRECTED> jms 971119
Subject: FOREIGN EXPORT AND DOMESTIC SUBSIDY PROGRAM
TAGS: ETRD, SZ
To: COME
SECSTATE WASHDC
Type: TE
Markings: Declassified/Released US Department of State EO Systematic Review 30 JUN 2005